

PEPPER, HAMILTON & SCHEETZ

ATTORNEYS AT LAW

123 SOUTH BROAD STREET

PHILADELPHIA, PENNSYLVANIA 19106

215-545-1234

CABLE ADDRESS

PEPPFIL PHILADELPHIA

RECORDATION NO. 9366 Filed & Recorded

MAY 9 1978 - 1 10 PM

SUITE 200

76 F STREET, N. W.
WASHINGTON, D. C. 20006
202-467-6500

P. O. BOX 1181

SOUTH MARKET SQUARE
HARRISBURG, PA. 17108
717-233-8483

NUMBER ONE RADNOR STATION
KING OF PRUSSIA ROAD
RADNOR, PA. 19087
215-687-8440

RECORDATION NO. 9366-B Filed & Recorded

MAY 9 1978 - 1 10 PM

INTERSTATE COMMERCE COMMISSION

Mr. Robert L. Oswald, Secretary
Interstate Commerce Commission
Washington, DC 20423

May 9, 1978

RECORDATION NO. 9366-A Filed & Recorded

MAY 9 1978 - 1 10 PM

INTERSTATE COMMERCE COMMISSION

Dear Mr. Oswald:

I am sending you herewith for filing in your office,
pursuant to Section 20c of the Interstate Commerce Act, six
counterparts of each of the following:

- (a) Purchase Order Assignment, dated as of
April 1, 1978, between Diamond Shamrock
Corporation and Trust Company for USL,
Inc., as Trustee;
- (b) Equipment Lease, dated as of April 1, 1978,
between Diamond Shamrock Corporation and
Trust Company for USL, Inc.; and
- (c) Security Agreement, dated as of April 1,
1978, between Trust Company for USL, Inc.
(the Lessee), as Trustee, and Union Mutual
Life Insurance Company (the "Secured Party").

There is also enclosed a check in the amount of \$150.00
for the recordation fees. The names and addresses of the
parties to the transaction are as follows:

Secured Party: Union Mutual Life Insurance
Company
2211 Congress Street
Portland, Maine 04112

Lessee: Diamond Shamrock Corporation
1100 Superior Avenue
Cleveland, Ohio 44114

PLEASE REPLY TO PHILADELPHIA OFFICE

C. Canby
Marion Murray

Mr. Robert L. Oswald
Page 2
May 8, 1978

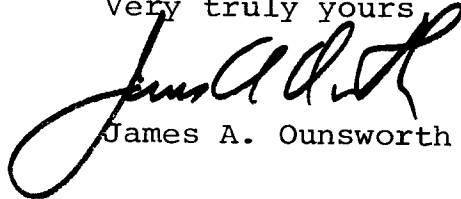
Purchaser
and Lessor:

Trust Company for USL, Inc.,
as Trustee under Diamond
Shamrock Trust No. 2
1211 West 22nd Street
Oak Brook, Illinois 60521

The equipment covered by the agreement consists of
100 covered hopper cars with pneumatic outlets with A.A.R.
mechanical designation LO, bearing Lessee road numbers
DAX 2001-2100 inclusive, and marked "Leased from a Bank or
Trust Company, as Trustee, and subject to a Security Interest
recorded with the ICC."

Kindly return to the bearer five counterparts of each
of the documents.

Very truly yours



James A. Ounsworth

JAO:msb

Enclosures

9365 / A
RECORDATION NO. Filed & Recorded

MAY 9 1978 -1 10 PM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of April 1, 1978

BETWEEN

TRUST COMPANY FOR USL, INC.
as trustee

LESSOR

AND

DIAMOND SHAMROCK CORPORATION

LESSEE

(Diamond Shamrock Trust No. 2)
(100 Hopper Cars)

TABLE OF CONTENTS

<u>Section</u>	<u>Heading</u>	<u>Page</u>
Parties.....		1
Recitals.....		1
1.	Lease and Delivery of Equipment.....	2
1.1.	Intent to Lease and Hire.....	2
1.2.	Inspection and Acceptance.....	2
2.	Rentals and Payment Dates.....	2
2.1.	Rent for Equipment.....	2
2.2.	Rent Payment Dates.....	3
2.3.	Place and Manner of Rent Payment.....	3
2.4.	Net Lease.....	4
3.	Term of the Lease.....	4
4.	Ownership and Marking of Equipment.....	5
4.1.	Retention of Title.....	5
4.2.	Duty to Number and Mark Equipment.....	5
4.3.	Prohibition Against Certain Designations.....	5
5.	Disclaimer of Warranties.....	6
6.	Lessee's Indemnity.....	6
6.1.	Scope of Indemnity.....	6
6.2.	Exception to Indemnity.....	7
6.3.	Continuation of Indemnities and Assumptions.....	8
7.	Rules, Laws and Regulations.....	8
8.	Use and Maintenance of Equipment.....	8
9.	Liens on the Equipment.....	9

<u>Section</u>	<u>Heading</u>	<u>Page</u>
10.	Filing, Payment of Fees and Taxes.....	10
10.1.	Filing.....	10
10.2.	Payment of Taxes.....	11
11.	Insurance; Payment for Casualty Occurrence.....	12
11.1.	Insurance.....	12
11.2.	Payment of Casualty Value and for Equipment Unserviceable for Use.....	16
11.3.	Sum Payable for Casualty Loss.....	16
11.4.	Optional Retirement of Equipment.....	17
11.5.	Rent Termination.....	17
11.6.	Disposition of Equipment.....	18
11.7.	Casualty Value.....	19
11.8.	Risk of Loss.....	19
11.9.	Eminent Domain.....	19
12.	Financial and Other Reports.....	20
12.1.	Status Reports.....	20
12.2.	Lessor's Equipment Inspection Rights.....	20
12.3.	Financial Reports and Inspection Rights.....	20
13.	Return of Equipment Upon Expiration of Term.....	21
14.	Default.....	22
14.1.	Events of Default.....	22
14.2.	Cumulative Remedies.....	26
14.3.	Lessor's Exercise of Its Rights.....	26
15.	Return of Equipment Upon Default.....	26
15.1.	Lessee's Duty to Return.....	26
15.2.	Specific Performance.....	27
15.3.	Lessor Appointed Lessee's Agent.....	27
15.4.	Lessee Waiver.....	27
16.	Assignments by Lessor.....	27
17.	Assignments by Lessee; Use and Possession.....	28
17.1.	Lessee's Rights to the Equipment.....	28
17.2.	Use and Possession.....	28
17.3.	Merger, Consolidation or Acquisition of Lessee..	29

<u>Section</u>	<u>Heading</u>	<u>Page</u>
18.	Option to Renew.....	30
18.1.	Renewal Options.....	30
18.2.	Delivery of Equipment.....	31
19.	Interest on Overdue Rentals and Other Obligations.....	31
20.	Miscellaneous.....	31
20.1.	Limitations of Liability.....	31
20.2.	Notices.....	32
20.3.	Right of Lessor to Perform.....	33
20.4.	Execution in Counterparts.....	34
20.5.	Law Governing.....	34
20.6.	Headings and Table of Contents.....	34
20.7.	Severability Effect of Modification of the Lease.....	34
	Signature Page.....	35
	Acknowledgments.....	36

ATTACHMENTS TO EQUIPMENT LEASE:

SCHEDULE A -- Description of Items of Equipment

SCHEDULE B -- Certificate of Acceptance Under
Equipment Lease

SCHEDULE C -- Schedule of Casualty Values

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of April 1, 1978 between TRUST COMPANY FOR USL, INC., an Illinois corporation, as trustee (the Lessor) under a Trust Agreement dated as of the date hereof (the Trust Agreement) with CHEMICAL BANK, a New York banking corporation (the Trustor) and DIAMOND SHAMROCK CORPORATION, a Delaware corporation (the Lessee):

RECITALS:

A. Union Mutual Life Insurance Company and Unionmutual Stock Life Insurance Co. of America (collectively, the Note Purchasers, and individually, a Note Purchaser), have entered into a Participation Agreement dated as of the date hereof (the Participation Agreement) with the Lessor, the Lessee and the Trustor in order to finance the purchase by the Lessor of certain railroad equipment described in Schedule A hereto (collectively, the Equipment or Items of Equipment, and individually, an Item of Equipment).

B. Union Mutual Life Insurance Company is acting as agent for Unionmutual Stock Life Insurance Co. of America (as agent and in its own capacity as a Note Purchaser sometimes hereinafter referred to as the Secured Party).

C. The financing of the Equipment will be completed by means of the issuance of certain Secured Notes (the Notes) to the Note Purchasers, the Notes being secured pursuant to the terms of a certain Security Agreement dated as of the date hereof between the Lessor and the Secured Party.

D. After having been assigned by the Lessee in the Purchase Order Assignment, dated as of the date hereof between the Lessor and the Lessee (the Purchase Order Assignment), the rights to purchase the Equipment and to have it lined, the Lessor will purchase the Equipment from ACF Industries, Incorporated, a New Jersey corporation (the Manufacturer), subsequent to the interior thereof being lined by Tank Lining Corp., a Pennsylvania corporation (Tank Lining).

E. Upon the purchase of the Equipment, the Lessor intends to lease the Equipment to the Lessee and assign the Lease to the Secured Party.

NOW, THEREFORE, in consideration of these premises and of the rental to be paid and the covenants hereinafter mentioned the parties hereby agree as follows:

Section 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1 Intent to Lease and Hire. Upon delivery of each Item of Equipment, the Lessor shall lease and let such Item of Equipment from the Lessor for the rental and on and subject to the terms and conditions herein set forth.

1.2 Inspection and Acceptance. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of each Item of Equipment pursuant to the Purchase Order Assignment and the rights assigned thereunder. The Lessor will cause each Item of Equipment to be tendered to the Lessee at the place of delivery specified by the Lessor and agreed to by the Lessee after the same shall have been lined by Tank Lining. Upon such tender, the Lessee will cause an inspector designated and authorized by the Lessee to inspect the same, and, if such Item of Equipment is found to be in good order, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor and the Manufacturer a Certificate of Acceptance (the Certificate of Acceptance) substantially in the form attached hereto as Schedule B with respect to such Item of Equipment whereupon such Item shall be deemed to have been delivered and accepted by the Lessee hereunder and subject thereafter to this Lease; provided, however, that the Lessee shall not accept and the Lessor shall have no obligation to lease any Item of Equipment excluded from the Purchase Order Assignment pursuant to Section 2 thereof and such delivery, inspection or acceptance of an excluded Item of Equipment shall be null and void and ineffective to subject such Item to this Lease or to constitute acceptance thereof on behalf of the Lessor for any purpose whatsoever.

Section 2. RENTALS AND PAYMENT DATES.

2.1 Rent for Equipment. The Lessee agrees to pay the Lessor, for each Item of Equipment, forty (40) semi-annual installments of rental, payable in arrears, the first fourteen (14) payments of which shall each equal 3.83195% of the Purchase Price (as defined in the Participation Agreement) of such Item and the next twenty-six (26) payments of which shall each equal 4.68349% of the Purchase Price of each such Item.

2.2 Rent Payment Dates. The first installment of rental for each Item of Equipment shall be due and payable on July 15, 1979 and the balance of said installments shall be payable on the fifteenth day of the month at six month intervals thereafter with the final such installment payable on January 15, 1999. If any of the rent payment dates is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the States of Maine, Illinois or Ohio are authorized or required to remain closed.

2.3 Place and Manner of Rent Payment. Except as hereinafter provided, the Lessor irrevocably instructs the Lessee to make all payments hereunder to the Secured Party. All payments hereunder owing pursuant to Sections 6, 10.2, 11.1 (with respect to public liability insurance) and 20.3 hereof and all other payments due or becoming due following the payment in full of all principal and interest on the Notes of the Lessor, after the Lessee shall have been advised in writing of such full payment, shall be made directly to the party entitled to the same at such place and in such manner (i.e., by wire transfer or by a check) as the Lessor shall specify to the Lessee in writing. In case any payment is made directly to the Trustor or the Lessor, the Lessee shall promptly provide the Secured Party with written notice indicating the date and amount of such payment. The Lessee agrees that it will pay all payments of rental and Casualty Values due hereunder which are to be made to the Secured Party by a check delivered to the Secured Party on such date as to permit the collection by the Secured Party of immediately available funds at the office of the Secured Party not later than the due date of such payment.

The Lessee agrees that it will make any other payments due hereunder by wire transfer or, at the option of the party to whom payment is due, by a check delivered to said party on such date so as to permit such party to collect in immediately available funds, at the address designated herein or as otherwise specified by such party in writing to the Lessee, the payments due not later than the due date.

The Lessee further agrees that in making any wire transfer of any payments due hereunder to the Secured Party it shall also give telex notification to the Secured Party

of any such transfer at the time of or prior to such transfer being made.

2.4 Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent or any other sums due or owing hereunder or payable by Lessee to any person or entity hereunder, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or against any other person or entity, provided that nothing herein shall be deemed to impair the Lessee's right to assert and sue upon such claims in separate actions; nor, except as otherwise expressly provided herein, shall this Lease terminate or the obligations of the Lessor or the Lessee be otherwise affected by reason of any defect or damage to or loss of possession or loss of use or destruction of all or any of the Items of Equipment from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Items of Equipment, the prohibition of or other restriction against the Lessee's use of all or any of the Items of Equipment, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency, bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it by statute or otherwise, to terminate, cancel, quit or surrender the Lease or any of the Items except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

Section 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment

shall begin on the date of the delivery to and acceptance by the Lessee of such Item of Equipment as provided in Section 1.2 hereof and, subject to the provisions of Sections 11, 14 and 18 hereof, shall terminate on January 15, 1999.

Section 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1 Retention of Title. The Lessor shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee.

4.2 Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with the identifying number as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Leased from a Bank or Trust Company,
as Trustee, and subject to a Security
Interest recorded with the I.C.C."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new identifying numbers to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

4.3 Prohibition Against Certain Designations. Except as provided in this Section 4, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that

the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on such equipment used by it of the same or a similar type for convenience of identification of the right of the Lessee to use the Equipment under this Lease.

Section 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT AS-IS, WITHOUT WARRANTY OR REPRESENTATION, EITHER, EXPRESSED OR IMPLIED, AS TO THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OR AS TO THE VALUE, CONDITION, DESIGN OR OPERATION OF, OR THE WORKMANSHIP IN, ANY ITEM OF EQUIPMENT DELIVERED HEREUNDER OR TITLE TO THE EQUIPMENT OR ANY COMPONENT THEREOF, THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF (EXCEPT AS TO ACTS OF THE LESSOR OR ANY PERSON CLAIMING THROUGH THE LESSOR), OR ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. So long as an Event of Default has not occurred and is continuing hereunder, the Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against any manufacturers or contractors in respect thereof. The Lessee's delivery of a Certificate of Acceptance to the Lessor shall be conclusive evidence as between the Lessor and the Lessee that all Items described therein are in all the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claims of any nature whatsoever against the Lessor based on the foregoing matters.

Section 6. LESSEE'S INDEMNITY.

6.1 Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor, the Trustor and any secured party under the Security Agreement and their respective successors and assigns from and against: all losses, damages, injuries, liabilities, claims, demands, costs, charges and expenses whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, royalty payments and expenses, patent

liabilities, penalties and interest arising out of or as the result of the entering into or the performance of this Lease, the ownership of any Item of Equipment, the ordering, acquisition, use, operation, condition, purchase, sublease, delivery, rejection, construction, storage or return of any Item of Equipment or any design, system, process, formula, combination, article or material used or contained therein or in the construction thereof or any accident in connection with the operation, use, condition, possession, storage or return of any Item of Equipment resulting in damage to property or injury or death to any person, whether as a result of negligence, the application of the laws of strict liability, or otherwise, except as otherwise provided in Section 13 of this Lease; provided, however, that nothing herein shall be construed to be a guarantee by the Lessee of the payment of principal or interest of the Notes of that the Items of Equipment will have any residual value at the end of the term of this Lease or any extension thereof.

6.2 Exceptions to Indemnity. The indemnity contained in Section 6.1 hereof shall not extend to any loss, damage, injury, liability, claim, demand, cost, charge, or expense incurred by any indemnified party (a) caused by the wilful misconduct or gross negligence of such indemnified party, (b) resulting from acts or events with respect to any Item of Equipment which commence after possession of such Item of Equipment has been redelivered to the Lessor in accordance with Section 13 hereof (unless resulting from acts or omissions of the Lessee while such Item of Equipment is being stored by the Lessee in accordance with Section 13 hereof), (c) caused by the violation by such indemnified party of any banking, investment, insurance or securities law, rule or regulation applicable to it (unless such violation shall be the result of any written misrepresentation, violation or act of the Lessee), (d) arising from the breach of an express duty, obligation, representation or warranty of such indemnified party made herein or in any of the documents related to the transactions contemplated hereby, (e) which is related to any lien, charge, security interest or other encumbrance which the Lessee is not required by Section 9 hereof to pay or discharge, (f) otherwise expressly stated herein or in any of the other documents related to the transactions contemplated hereby to be borne by such indemnified party, or (g) resulting from a transfer of an interest of the Trustor under the Trust Agreement, unless such transfer was made with the approval of the Lessee.

6.3 Continuation of Indemnities and Assumptions.
The indemnities arising under this Section 6 shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease. The indemnities required to be paid by the Lessee to the Lessor under this Section shall be of an amount sufficient to restore the Lessor to the same position, after considering the actual net effect of the receipt of such indemnities and matters giving rise to such indemnities on its United States federal income taxes and state and city income taxes or franchise taxes based on net income, that it would have been in had the indemnities not been required.

Section 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply, and require every user of an Item of Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of each Item) with all laws of the jurisdictions in which its or such user's operations involving an Item of Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power of jurisdiction over an Item of Equipment, to the extent that such laws and rules affect the title, operation or use of an Item of Equipment, and in the event that such laws or rules require any alteration of an Item of Equipment, or in the event that any equipment or appliance on an Item of Equipment shall be required to be changed or replaced, or in the event that any additional or other equipment or appliance is required to be installed on an Item of Equipment in order to comply with such laws or rules, the Lessee will make such alterations, changes, replacements and additions at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or any secured party under the Security Agreement, adversely affect the property or rights of the Lessor or any such secured party under this Lease or under the Security Agreement.

Section 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designated and intended and so as to

subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair so that each Item will remain (a) in as good operating condition as when delivered (ordinary wear and tear excepted), (b) in compliance with any and all applicable laws and regulations and (c) desirable to and suitable for immediate purchase or lease and use by a Class I railroad (not then or prospectively a debtor in any insolvency or reorganization proceeding). The Lessee understands and agrees that such maintenance includes the maintaining and or reapplying, as the case may be, of the two coat interior lining, initially applied by Tank Lining, to each Item of Equipment, if and to the extent the same becomes necessary in order to comply with the terms of this Section 8. Except as required by the provisions of Section 7 hereof, the Lessee shall not make any material modification to any Item of Equipment without the prior written authority and approval of the Lessor which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Item of Equipment. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment. Title to any such readily removable additions or improvements shall remain with the Lessee.

Section 9. LIENS ON THE EQUIPMENT.

The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than the security interest of the Secured Party resulting from the transactions contemplated hereby and other than an encumbrance resulting from claims against the Lessor or the Trustor not related to the ownership of the Units) upon or with respect to any Item of Equipment,

including any accession thereto, or any part thereof or the interest of the Lessor, any assignee thereof or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises; provided, however, that the Lessee shall be under no obligation to pay or discharge such claim so long as it is contesting the validity thereof in good faith in a reasonable manner and by appropriate legal proceedings and the nonpayment thereof does not, in the opinion of the Lessor or any secured party under the Security Agreement adversely affect the title, property or rights of the Lessor or any such secured party or any assignee thereof. If any such claim shall have been charged or levied by anyone and in any manner against the Lessor or any such secured party directly and paid by the Lessor or any such secured party, the Lessee shall reimburse the Lessor or any such secured party on presentation of an invoice therefor, provided that the Lessor or any such secured party shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Lessor or any such secured party) or the Lessee shall have approved the payment thereof.

Section 10. FILING, PAYMENT OF FEES AND TAXES.

10.1 Filing. The Lessee will, at its sole expense, cause this Lease, the Purchase Order Assignment and any security agreement and/or assignment, if any, executed by the Lessor with respect to the Equipment, this Lease or the Purchase Order Assignment as contemplated by the Security Agreement to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and in such other places within or without the United States as the Lessor may reasonably request for the protection of its title or the security interest of any secured party under any such security agreement and/or assignment and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor or any such secured party, for the purpose of protecting the Lessor's title to, or such secured party's security interest in, the Equipment to the satisfaction of the Lessor's or such secured party's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor proof of such filings and an opinion

of the Lessee's counsel that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and re-recording or depositing and redepositing of any such instruments or incident to the taking of such action.

10.2 Payment of Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other similar charges and will be free of expense to the Lessor with respect to the amount of any local, state, federal or foreign taxes (other than any United States federal income tax payable by the recipient in consequence of the receipt of payments provided for herein and other than the aggregate of all state or city income taxes or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and city in which the recipient has its principal place of business) or license fees, assessments, charges, fines, interests and penalties (all such expenses, taxes, license fees, assessments, charges, fines, interests and penalties being hereinafter called Impositions) hereinafter levied or imposed upon or in connection with or measured by this Lease or any sale, possession, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or in connection with the transactions contemplated by the Fundamental Documents, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be imposed upon any Item of Equipment or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Item; provided, however, that the Lessee shall be under no obligation to pay any Imposition of any kind so long as it is contesting in good faith and by appropriate legal proceedings such Imposition and the nonpayment thereof does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder; and provided, further, that the Lessee shall not be required to pay any Imposition or reimburse any person for any loss, cost or expense related to any Imposition which is the subject of any lien, charge, security interest or other

encumbrance which the Lessee is not required by Section 9 hereof to pay or discharge. If any Imposition shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor if the Lessor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Lessor) or the Lessee shall have approved the payment thereof.

In the event any reports with respect to Impositions involving any Items of Equipment are required to be made, the Lessee will either make such reports in such manner as to show the interests of the Lessor and any assignee under Section 16 hereof in such Items of Equipment or notify the Lessor and any assignee under Section 16 hereof of such requirements and make such reports in such manner as shall be satisfactory to the Lessor and any assignee under Section 16 hereof.

In the event that, during the continuation of this Lease, the Lessee becomes liable for the payment or reimbursement of any Imposition pursuant to this Section 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

The amount which the Lessee shall be required to pay to the Lessor with respect to any Imposition which is subject to indemnification under this Section 6 shall be an amount sufficient to restore the Lessor to the same position, after considering the effect of the receipt of such indemnification on its United States federal income taxes and state and city income taxes or franchise taxes based on net income, that it would have been in had such Imposition not been imposed.

Section 11. INSURANCE; PAYMENT FOR CASUALTY
OCCURRENCE AND FOR EQUIPMENT UNSERVICEABLE FOR USE.

11.1 Insurance. The Lessee will maintain, at its sole cost and expense, at all times during the term of this Lease and any renewals thereof (and thereafter during the period in which the Equipment is being returned pursuant to Section 13 hereof), with insurance carriers having one of the three highest ratings as reported by A.M. Best Company, Inc. (or other insurance rating agency of comparable standing)

or other reputable insurance carriers (which may include an insurer owned by the Lessee) reasonably acceptable to the Lessor and any secured party or any assignee thereof (the Assignee) under any security agreement and/or assignment executed by the Lessor with respect to the Equipment in this Lease, insurance in an amount not less than the higher of the Casualty Value and Fair Market Value (the Fair Market Value for each Item being for purposes of this Section at any time the then fair market value for items of equipment of the same type, description, age and classification of such Item as is set forth in the most recent edition of the Field Manual, American Association of Railroads Interchange Rule Book, Rule 107, or any successor publication and/or rule) of each Item of Equipment leased hereunder, insuring against loss and destruction of, and damage to, such Item arising out of fire, windstorm, explosion, and all other hazards and risks ordinarily subject to extended coverage insurance, and against such other hazards and risks as are customarily insured against by companies owning or leasing property of a similar character and engaged in a business similar to that engaged in by the Lessee with a deductible amount not in excess of \$1,000,000 and an overall maximum coverage of \$3,000,000. If the Fair Market Value of all of the Items subject to this Lease exceeds \$3,000,000, the Lessee may self insure with respect to any casualty loss in excess of \$3,000,000. All such insurance policies shall (i) name the Lessor, the Trustor and the Assignee as additional insureds, (ii) provide that the policies will not be invalidated as against the Lessor, the Trustor or the Assignee because of any violation of a condition or warranty of the policy or the application therefor by the Lessee, (iii) provide that the policies may be materially altered or cancelled by the insurer only after thirty (30) days prior written notice to the Lessor and the Assignee, (iv) provide that the policies shall be prepaid a minimum of ninety (90) days and (v) provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of the Lessee) shall operate in the same manner as if they were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by the Lessor, the Trustor or the Assignee. Such insurance policies shall also not have any co-insurance clauses.

The Lessee will procure and maintain at its expense during the term of this Lease (and any renewals thereof) with insurance carriers having one of the three highest

ratings as reported by A.M. Best Company, Inc. (or other insurance rating agency of comparable standing) or other reputable insurance carriers (which may include an insurer owned by the Lessee) reasonably acceptable to the Lessor and the Assignee against bodily injury and third party property damage insurance for each Item of Equipment with liability limits not less than \$5,000,000 and with a deductible amount not in excess of \$1,000,000. The policies for such insurance shall (i) name the Lessor, the Trustor and the Assignee as additional insureds, (ii) provide that if the insurers cancel such insurance for any reason whatsoever, or the same is allowed to lapse for non-payment of premium, such cancellation or lapse shall not be effective as to the Lessor, the Trustor or the Assignee for thirty (30) days after written notice to the Lessor and the Assignee by the insurers of such cancellation or lapse, (iii) provide for at least thirty (30) days prior written notice to the Lessor and the Assignee of any alteration in the terms of such policy adverse to the respective interests of the Lessor, the Trustor or the Assignee, (iv) provide that in respect of the interests of the Lessor, the Trustor or the Assignee in such policies, the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than of the Lessor, the Trustor or the Assignee), and shall insure the Lessor's, the Trustor's and the Assignee's interests as they appear regardless of any breach or violation by the Lessee of any warranties, declarations or conditions contained in such policies and (v) provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of the Lessee) shall operate in the same manner as if they were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by the Lessor, the Trustor or the Assignee. Such insurance policies shall also not have any co-insurance clauses.

In the event the Lessee shall desire to permit any Item of Equipment to be used to carry any substance classified by the Office of Hazardous Material Operations of the Federal Railway Administration in the United States Department of Transportation as a hazardous substance, the Lessee shall promptly notify the Lessor and the Assignee and, if requested by either the Lessor or the Assignee, the Lessee shall obtain such increased insurance (as to risks covered, policy amounts of the above-described insurance, policy provisions or otherwise) related to such Item or Items of Equipment or the Lessee as either the Lessor or the Assignee or both may from time to time reasonably request and as shall be obtainable at commercially reasonable rates, and if the Lessee shall question the availability of any such increased insurance at commercially reasonable rates, the Lessee may refer such question to a firm of independent insurance brokers whose determination shall be final and binding upon the Lessee.

Each policy shall provide in respect to any losses that if there is an Assignee such losses shall be payable to the Assignee. If there is no such Assignee, or if the Assignee permits pursuant to the provisions of this Lease or by notice in writing to the Lessor, Trustor and Lessee, losses shall be paid to the Lessor, Trustor and Lessee, as their interests may appear.

The Lessee shall deliver to the Lessor and the Assignee, prior to the commencement of the lease term for any Item of Equipment (or at such other time or times as the Lessor or the Assignee may request) and from time to time, but within at least 15 days, prior to the expiration date of each policy of such insurance in respect to insurance to be renewed by the Lessee, a certificate signed by a firm of independent insurance brokers or (except prior to the commencement of the Lease term for any Item of Equipment) a responsible representative of the Lessee, appointed by the Lessee and not objected to by the Lessor or the Assignee, showing the insurance then maintained, or to be maintained in the case of renewals, by the Lessee pursuant to this Section 11 with respect to the Items of Equipment and the expiration date of each policy of such insurance, and stating the opinion of said firm that the insurance then carried and maintained, or to be carried and maintained, on or with respect to the Items of Equipment complies, or will comply, as the case may be, with the terms hereof; provided, however, that the Lessor and the Assignee shall be under no duty to examine such certificate, opinion or other evidence of insurance, or to advise the Lessee in the event that its insurance is not in compliance with this Lease.

In the event of failure on the part of the Lessee to provide and furnish any of the aforesaid insurance, the Lessor or the Assignee, upon notice to Lessee, may procure such insurance and the Lessee shall, upon demand, reimburse the Lessor and the Assignee for all expenditures made by the Lessor or Assignee for such insurance, together with interest determined pursuant to Section 19 hereof.

The proceeds of any insurance maintained by the Lessee and received by the Lessor or the Assignee on account of or for any loss or casualty in respect of any Item of Equipment shall be released to the Lessee either (i) upon a written application signed by the President, any Vice President or the Treasurer of the Lessee for the payment of, or to

reimburse the Lessee for the payment of, the cost of repairing, restoring or replacing the Item of Equipment which has been lost, damaged or destroyed so long as the restoration, replacement and repair parts become immediately subject to all of the terms and conditions of this Lease and all public filings, recordings and registrations necessary or expedient to vest title thereto in the Lessor are accomplished by the Lessee at its expense (which application shall be accompanied by satisfactory evidence of such cost and of the completion of such repair, restoration or replacement), or (ii), if this Lease is terminated with respect to such Item of Equipment pursuant to Section 11.5, promptly, upon payment by the Lessee of the Casualty Value to the Assignee; provided, however, that, any amount payable in respect to clause (ii) shall only be up to an amount equal to any Casualty Value payment made by the Lessee. If the Lessee is at the time of the application in default in the payment of any other liability of the Lessee to the Lessor hereunder or any secured party thereof, such proceeds shall be applied against such liability.

11.2 Payment of Casualty Value. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged during the term of this Lease, including any renewal term hereunder or thereafter while the Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or (except for a requisition or taking which by its terms is for a stated period which does not exceed the remaining term of this Lease or, in the case of taking or requisition during any renewal term, for a stated period which does not exceed the remaining portion of such renewed term) shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease, including any renewal terms hereunder (any such occurrence being hereinafter called a Casualty Occurrence), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor and the Assignee in regard thereto and shall pay the Casualty Value (as herein defined) of such Item in accordance with the terms hereof.

11.3 Sum Payable for Casualty Loss. The Lessee shall, on January 15, 1979 or on the next rental payment date more than 30 days after such Casualty Occurrence, as the case may be, following its knowledge of a Casualty

Occurrence with respect to any Item of Equipment, pay to the Lessor the rental payment due on such rental payment date for such Items of Equipment plus a sum equal to the Casualty Value of such Item or Items of Equipment as of the date of such payment. In the event that an Item of Equipment suffers a Casualty Occurrence at the end of the term of this Lease, or during any extension hereof, or after termination hereof and before such Item shall have been returned in the manner provided in Section 13 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor promptly upon demand of the Lessor an amount equal to 25% of the Purchase Price of such Item.

11.4 Optional Retirement of Equipment. When, in the good faith judgment of the President or a Vice President of the Lessee, not less than fifty Items of Equipment then leased hereunder shall have become economically unserviceable, the Lessee may upon not less than 90 days' prior written notice to the Lessor, which notice shall identify such Items of Equipment, state the facts which support the Lessee's determination that the Items of Equipment are economically unserviceable and designate the date on which termination will be effective, terminate this Lease with respect to such Items of Equipment as of the payment date for the twentieth installment of rental or as of any succeeding payment date for rental during the original term of this Lease with respect to such Items of Equipment upon payment to the Lessor of an amount equal to the Casualty Value of such Item or Items of Equipment (together with the payment of rental then due in respect of such Item or Items of Equipment). For the purposes of this Section 11.4, interest rates or similar finance charges payable by the Lessee in connection with the acquisition of similar equipment under conditional sales contracts, leases or other arrangements for deferred payment of the purchase price, shall be disregarded in the determination of economic unserviceability and the Lessee shall so certify in writing in connection with any such termination.

11.5 Rent Termination. Upon payment of the Casualty Value in respect of any Item or Items of Equipment and rental payment due on such payment date, the obligation to pay rental for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rental for all other Items of Equipment.

11.6 Disposition of Equipment. Any Item or Items of Equipment having suffered a Casualty Occurrence or having been the subject of a determination of economic unserviceability pursuant to Section 11.4 hereof shall be sold by the Lessee as agent for the Lessor as soon as reasonably possible at the best price obtainable. Any such disposition shall be on an "AS IS", "WHERE IS" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, the Lessee may, provided no Event of Default shall have occurred and is continuing, receive or retain, as the case may be, all amounts of such price plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable thereto, and shall remit the excess, if any, to the Lessor.

In disposing of such Item or Items of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item or Items of Equipment. Neither the Lessee nor any "affiliate" (as that term is hereinafter defined) of the Lessee shall be permitted to purchase any Item of Equipment with respect to which this Lease has been terminated pursuant to Section 11.3 or Section 11.4). Any sale or other disposition pursuant to this Section 11.6 must be effective to fully divest the Lessor of all of the Lessor's right, title and interest in and to, and all obligations of the Lessor with respect to, such Item or Items, except that the Lessor may bid for and become the purchaser of such Item or Items. It is understood and agrees that any out-of-pocket costs or expenses reasonably incurred by the Lessor or the Lessee in connection with the sale or other disposition of any Item of Equipment shall be deducted from the excess, if any, of sale proceeds over the then applicable Casualty Value in computing any amounts due and owing to the Lessee hereunder and to the extent there is no such excess, the Lessee agrees to reimburse the Lessor for such expenses.

For purposes of this Section 11.6, the term "affiliate" shall mean any corporation directly or indirectly controlling or controlled by or under direct or indirect common control with the Lessee. For the purposes of this definition, "control" (including "controlled by" and under "common control with"), as used with respect to any corporation, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise.

11.7. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the Purchase Price of such Item of Equipment set forth in the Schedule of Casualty Values attached hereto as Schedule C opposite such date of payment.

11.8 Risk of Loss. The Lessee shall bear the risk of and, except as hereinabove in this Section 11 provided, shall not be released from, its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment after the date hereof and continuing until payment of the Casualty Value and rental payments due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.9 Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which exceeds the remaining term of this Lease (or in the case of any renewal hereof for a period which exceeds the then remaining renewal term), the Lessee's duty to pay rent shall terminate as of the rental payment date on which the Casualty Value is paid and the Lessee shall pay to the Lessor the rental payment due on such date plus the Casualty Value for such Item as of such date then due and owing pursuant to Sections 11.2 and 11.3 hereof. In the case of any other requisition or taking, the Lessee's duty to pay rent and to perform all other obligations hereunder shall continue as if no such requisition or taking had occurred. So long as no Event of Default shall have occurred and be continuing under this Lease and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, could constitute an Event of Default hereunder, the Lessee shall (a) be entitled to receive and retain for its own account all sums payable for any taking which is not for a period which exceeds the term of the Lease (or does not exceed the period of any extension hereof, as the case may be) by such governmental authority as compensation for requisition or taking of possession up to an amount equal to the rental paid or payable hereunder for such period, and

the balance, if any, shall be payable to and retained by the Lessor as its sole property; and (b) shall, in the event the Lessee has paid the Casualty Value of the Equipment, be entitled to the proceeds from the sale of the Equipment as and when the same is sold up to the Casualty Value of the Equipment with the excess thereof to be retained by the Lessor.

Section 12. FINANCIAL AND OTHER REPORTS.

12.1 Status Reports. On or before April 1 in each year, commencing with the year 1979, the Lessee will furnish to the Lessor or its assigns an accurate statement, as of the end of the preceding calendar year (a) showing the numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that have suffered a Casualty Occurrence during such calendar year (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4 hereof shall have been preserved or replaced, and (c) describing the insurance coverage maintained by the Lessee pursuant to Section 11.1 hereof.

12.2 Lessor's Equipment Inspection Rights. The Lessor and any assignee of the Lessor pursuant to Section 16 shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times during normal business hours as shall be reasonable to confirm to the Lessor or its assigns the existence and proper maintenance thereof during the continuance of this Lease.

12.3 Financial Reports and Inspection Rights. The Lessee agrees that it will furnish to the Lessor, the Assignee and any holder of the Notes the following:

(a) As soon as available and in any event within 60 days after the end of each quarterly period, except the last, of each fiscal year, copies of the quarterly report of the Lessee to the Securities and Exchange Commission on Form 10-Q (or any substantially comparable form hereafter prescribed by such Commission);

(b) As soon as available and in any event within 120 days after the last day of each fiscal year, a copy of the annual report of the Lessee to the Securities and Exchange Commission on Form 10-K (or any substantially comparable form hereafter prescribed by such Commission);

(c) As soon as available, copies of such financial statements, reports and proxy statements as the Lessee shall furnish to its stockholders; and

(d) Such additional information as the Lessor, or the Assignee thereof and any such holder of the Notes may reasonably request concerning the Lessee, in order to enable such party to determine whether the covenants, terms and provisions of the Lease have been complied with by the Lessee.

The Lessee agrees to permit the Lessor, the Assignee thereof or any such holder (or such persons as the Lessor, any such Assignee or any such holder may designate) to visit and inspect and examine as shall be reasonable the records or books of account of the Lessee relating to the Equipment and to discuss the affairs, finances and accounts of the Lessee relating to the Equipment with its officers and independent accountants upon prior notice to the Lessee, during normal business hours.

Section 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of the Lease or any extension thereof, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of the Equipment to the Lessor upon such storage tracks within the continental United States east of the Rocky Mountains as the Lessor may designate and the Lessee will pay for the storage of the Equipment on such tracks for a period not exceeding 90 days (commencing after all of the Items of Equipment then leased hereunder have been delivered to such place of storage) and transport the same at any time within such 90 day period to any connecting carrier for shipment, all as directed by the Lessor upon not less than thirty (30) days written notice to the Lessee. All movement and storage of each Item of Equipment is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including

the authorized representative or representatives of any prospective purchaser of any Item of Equipment to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this Section. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment. All per diem and incentive per diem charges (and charges similar thereto) earned or paid to the Lessee in respect of the Equipment after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. The Lessee shall in addition pay to the Lessor for each day after termination an amount equal to .031223% of the Purchase Price of such Item of Equipment for each such day until such Item is returned.

The assembling, storage and transporting of the Equipment as hereinafter provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so as to assemble, deliver, store and transport the Equipment.

Section 14. DEFAULT.

14.1 Events of Default. If, during the continuance of this Lease, one or more of the following events (each such event being hereinafter called an Event of Default) shall occur:

(a) Default shall be made in the payment of any part of the rental or other sums provided in Section 2 hereof, Section 11 hereof or in the payment of any other monies hereunder and such default shall continue for ten days; or

(b) Any representation or warranty made by the Lessee herein, in the Participation Agreement, in the Purchase Order Assignment or in any statement or certificate furnished to the Lessor, the Trustor or the Assignee pursuant to or in connection with this Lease, the Purchase Order Assignment or the Participation Agreement is untrue in any material respect as of the date of issuance or making thereof; or

(c) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease or possession of the Equipment or any portion thereof; or

(d) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, in the Purchase Order Assignment or in the Participation Agreement, and such default shall continue for thirty (30) days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied; or

(e) Any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder, under any bankruptcy or insolvency law or law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(f) Any proceeding shall be commenced by or against the Lessee for any relief which includes, or might result in, modification of the obligations of the Lessee under this Lease under any bankruptcy or insolvency law, or

law relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions, and unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue) and subsequently the Secured Party makes a determination within 60 days after the commencement of any such proceedings that it will be inadequately secured.

then, in any such case, the Lessor, at its option, may:

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including reasonable attorneys' fees and expenses; or

(2) by notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located, without judicial process if this can be done without breach of the peace, and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever; provided, however, that the Lessor shall have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days in such rental period and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever one of the following sums the Lessor, in its sole discretion, shall specify with respect to all Items of Equipment by written notice to the Lessee: (x) a sum with respect to each Item of Equipment then leased hereunder, which represents the excess of the present value, at the time of such termination, of all rentals for such Item which would otherwise have

accrued hereunder from the date of such termination to the end of the term of this Lease over the then present value of the then Fair Rental Value of such Item (determined as described hereinafter) for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Item during such period, such present value to be computed in each case on a basis of a 5.48% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess, if any, of the Casualty Value of each Item of Equipment then leased hereunder as of the rental payment date on or immediately preceding the date of termination over the Fair Market Value thereof (determined as described hereinafter); provided, however, that in the event the Lessor shall have sold any Item of Equipment, the Lessor in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) or (y) of this part with respect thereto, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment, as of the rental payment date on or immediately preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as may otherwise be provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies, for all reasonable attorneys fees and other expenses by reason of the occurrence of an Event of Default or the exercise of the Lesser's remedies in respect thereto.

For purposes of Section 14.1 above, the Fair Rental Value and the Fair Market Value for any Item or Equipment shall be determined in the appraisal arrangements specified in Section 18.1(b) hereof; provided, however, that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

14.2 Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rental payments due hereunder, and agrees to make the rental payments regardless of any offset or claim which may be asserted by the Lessee on its behalf against the Manufacturer, Tank Lining or any other party (which offsets and claims, if any, the Lessee reserves to assert against any such party) in connection with the Lease of the Equipment.

14.3 Lessor's Exercise of its Rights. The failure or delay of the Lessor or its assigns to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies. The singular or partial exercise of any such right shall also not preclude any other or further exercise thereof, or the exercise of any other right of the Lessor hereunder.

Section 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1 Lessee's Duty to Return. If the Lessor or its assigns shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith, but in any event within 30 days, assemble and place each such Item of Equipment upon such storage tracks within the continental United States as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Provide storage at the risk of the Lessee for each Item of Equipment on such tracks without charge for insurance, rent or storage until such Equipment

has been sold, leased, or otherwise disposed of by the Lessor; and

(c) Transport the Equipment to any place of interchange on the lines of a railroad within a 25-mile radius of such storage tracks, all as the Lessor may reasonably direct upon not less than thirty (30) days' written notice to the Lessee.

15.2 Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so as to assemble, deliver, store and transport the Equipment.

15.3 Lessor Appointed Lessee's Agent. Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Item of Equipment to the Lessor pursuant hereto, to demand and take possession of such Item of Equipment in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item of Equipment provided that the Lessee shall have received five days prior written notice of any such demand and/or retaking.

15.4 Lessee Waiver. The Lessee hereby expressly waives any and all claims against the Lessor and its assigns or agents for damages of whatever nature in connection with the retaking of any Item of the Equipment in any reasonable manner.

Section 16. ASSIGNMENT BY LESSOR.

This Lease and all rent and all other sums due to become due hereunder may be assigned in whole or in part by the Lessor without the consent of the Lessee. Upon notice to the Lessee of any such assignment the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. Without limiting the foregoing, the Lessee further

acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of such assignee, the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) the assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of such assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

Section 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1 Lessee's Rights to the Equipment. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment and to the quiet enjoyment thereof in accordance with the terms of this Lease. The Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof. The Lessee shall not part with the possession or control of, or suffer or allow to pass out of its possession or control, or sublease any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2 Use and Possession by Lessee. The Lessee agrees that the Equipment will be used solely within the continental limits of the United States of America and in no event shall the Lessee use, assign, or permit the assignment of any Item of Equipment to service involving the operation and maintenance thereof outside the continental United States. The Lessee may, with the prior written consent of the Lessor, assign this Lease or any of its rights hereunder

or sublease any Item of Equipment and without such consent may so sublease any such Item of Equipment for not more than 180 days during any twenty-four month period. Any such assignment or sublease, except an assignment pursuant to Section 17.3 hereof, shall by its express terms be made subject and subordinate to this Lease and the terms and provisions hereof. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligation hereunder, which shall be and remain those of a principal and not a guarantor and the Equipment shall in all events remain Section 38 property as defined in the Internal Revenue Code of 1954, as amended.

The Lessee may receive and retain for its own account such compensation for assignment or subletting the Equipment and/or for use of the Equipment by others as the Lessee may determine. Without limiting the foregoing, it is contemplated that the Lessee shall collect and retain for its own account all mileage allowances, rentals and/or other compensation (hereinafter referred to as Mileage) payable by carriers by reason of the use, ownership or operation of the Equipment, and if for any reason the Lessor shall receive any Mileage then, unless an Event of Default (or event which with the lapse of time or giving of notice, or both, would become an Event of Default) shall have occurred and be continuing, the Lessor shall promptly remit without interest said Mileage to the Lessee after the Lessee shall have furnished to the Lessor an opinion, ruling or other evidence reasonably satisfactory to the Lessor's legal counsel to the effect that the Lessor may remit all or any portion of said Mileage to the Lessee without violation of any applicable law or regulation. The obligation of the Lessor under the next preceding sentence shall survive termination of this Lease.

17.3 Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any solvent corporation (which shall have duly assumed in writing the obligations hereunder of Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired all, or substantially all, of the property of the Lessee; provided, however, that any such assignee, successor or transferee will not, upon giving effect to such merger or consolidation or acquisition of properties, (a) be in default

under any provision of this Lease, (b) have a net worth (determined in accordance with generally accepted principles of accounting) less than 90% of that of the Lessee immediately preceding such merger, consolidation or acquisition, and (c) have altered in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor.

Section 18. OPTION TO RENEW.

18.1 Renewal Options. Provided that the Lessee is not in default hereunder, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Lease as to all but not less than all, of the Items of Equipment then leased hereunder at the expiration of the original term for one renewal term of five years and subject to the terms and conditions herein contained for the original term of this Lease; provided that the semiannual rent payable for and during any such renewal term shall be an amount equal to the Fair Rental Value (as hereinafter defined) of such Items of Equipment. Each renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice of any such election 180 days prior to the date upon which any such renewal would commence as provided for in this Section 18.

(b) The Fair Rental Value of an Item of Equipment (and for the purposes of Section 14 the Fair Market Value) shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee or buyer-user, as the case may be, (other than a lessee currently in possession or a used equipment dealer) and an informed and willing lessor or seller under no compulsion to lease or sell, and, in such determination costs of removal from the location of current use shall not be a deduction from such value. If on or before 90 days prior to the date of commencement of the renewal term elected by the Lessee hereunder, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value of the Item of Equipment, or the Fair Market Value, as the case may be, such value shall be determined in accordance with the foregoing definition by a qualified independent appraiser. The term

"Appraiser" shall mean two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 60 days prior to the date of commencement of the renewal term elected by the Lessee, determined on the basis of an appraisal made by third appraiser chosen by the American Arbitration Association. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

18.2 Delivery of Equipment. Unless the Lessee has elected to renew this Lease in respect of such Items of Equipment as provided in this Section 18, all of such Items of Equipment shall be returned to the Lessor at the end of the original term, or the then current renewal term, as the case may be, in accordance with Section 13 hereof.

Section 19. INTEREST ON OVERDUE RENTALS AND OTHER OBLIGATIONS.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to the greater of (a) 10-1/4% per annum or (b) (i) a rate per annum equal to the fluctuating base rate charged by Chemical Bank for 90-day loans to substantial and responsible commercial borrowers as such base rate shall change from time to time, each change in such rate to become effective on the effective date of each change in such base rate as announced by such Bank, plus (ii) 2 1/2% of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

Section 20. MISCELLANEOUS.

20.1 Limitations of Liability. It is expressly understood and agreed that this Lease is executed by Trust Company for USL, Inc., not individually or personally but solely as Trustee under the Trust Agreement in the exercise

of the power and authority conferred and vested in it as such Trustee (and Trust Company for USL, Inc. hereby warrants that it possesses full power and authority to enter into and perform this Lease), that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by the Lessor or the Trustor, or for the purpose or with the intention of binding the Lessor or the Trustor personally, but are made and intended for the purpose of binding only the Trust Estate (as defined in the Trust Agreement), that this Lease is executed and delivered by the Lessor solely in the exercise of the powers expressly conferred upon the Lessor as trustee under the Trust Agreement, that actions to be taken by the Lessor pursuant to its obligations hereunder may, in certain instances, be taken by the Lessor only upon specific authority of the Trustor, that nothing herein contained shall be construed as creating any liability on the Lessor or the Trustor, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, Trust Company for USL, Inc. or the Trustor, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Lessee and by each and every person now or hereafter claiming by, through or under the Lessee, and that so far as Lessor or the Trustor, individually or personally are concerned, the Lessee and any person claiming by, through or under the Lessee shall look solely to the Trust Estate as defined in the Trust Agreement for the performance of any obligation under this Lease. The term "Lessor" as used in this Lease shall include any trustee succeeding the Lessor as trustee under the Trust Agreement or the Trustor if the trust created thereby is revoked. Any obligation of the Lessor hereunder may be performed by the Trustor, and any such performance shall not be construed as revocation of the trust created by the Trust Agreement. Nothing contained in this Lease shall restrict the operation of the provisions of the Trust Agreement with respect to its revocation or the resignation or removal of the Trustee thereunder.

20.2 Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Lessor: Trust Company for USL, Inc.,
Trustee and Diamond Shamrock
Trust No. 2
1211 West 22nd Street
Chicago, Illinois 60521

With a copy to: United States Lease Financing, Inc.
633 Battery Street
San Francisco, California 94111
Attention: Vice President of
Lease Underwriting

If to the Trustor: Chemical Bank
55 Water Street, Suite 1822
New York, New York 10041
Attention: Specialized Leasing

If to the
Secured Party: Union Mutual Life Insurance
2211 Congress Street
Portland, Maine 04112
Attention: Investment Division

If to the Lessee: Diamond Shamrock Corporation
1100 Superior Avenue
Cleveland, Ohio 44114
Attention: Secretary

or addressed to any such party at such other address as such party shall hereafter furnish to such other parties in writing.

20.3 Right of Lessor to Perform. Subject to the limitations of Section 5.3 of the Security Agreement, if the Lessee shall fail to comply with any of its covenants herein contained, the Lessor may, but shall not be obligated to, perform the same, give notice to the Lessee of such performance and take all such action as in the Lessor's opinion may be necessary to obtain such performance of the Lessee. All payments so made by the Lessor and all cost and expenses (including without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the Lessor upon demand as additional rent hereunder, with interest at the rate of 10-1/4% per annum or such other legally enforceable rate.

20.4 Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, but the counterpart delivered to the Interstate Commerce Commission for recordation and subsequently redelivered to the Secured Party shall be deemed to be the original counterpart.

20.5 Law Governing. This Lease shall be construed in accordance with the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

20.6 Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

20.7 Severability; Effect and Modification of the Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

Except for the Participation Agreement and the Purchase Order Assignment, this Lease completely states the rights of the Lessor and the Lessee in respect to the Items of Equipment and supersedes all other agreements with respect thereto, oral or written. No modification of this Lease or waiver of any provision hereof shall be valid unless in writing and signed by the Lessor and Lessee.

IN WITNESS WHEREOF, the parties hereto have cause this Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be

hereto affixed as of the day and year first above written.

TRUST COMPANY FOR USL, INC.
not individually but solely as
Trustee under Diamond Shamrock
Trust No. 2

[CORPORATE SEAL]

ATTEST:

By _____

[CORPORATE SEAL]

ATTEST:

DIAMOND SHAMROCK CORPORATION

T S Weather

Assistant Secretary

By *DC Miller*

Treasurer

STATE OF _____ :
COUNTY OF _____ : SS
:

On this _____ day of _____, 1978, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the _____ of Trust Company for USL, Inc., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation as trustee by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation as trustee.

Notary Public

[NOTARIAL SEAL]

My Commission expires:

STATE OF Ohio :
COUNTY OF Cuyahoga : SS
:

On this 8th day of May, 1978, before me personally appeared D.C. Muehle, to me personally known, who being by me duly sworn, says that he is the Treasurer of Diamond Shamrock Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Timothy L. Huthold
Notary Public

[NOTARIAL SEAL]

My commission expires:

TIMOTHY L. HUTHOLD, JR.
NOTARY PUBLIC, STATE OF OHIO
MY COMMISSION EXPIRES ON 12/31/1980
5-11-1978

SCHEDULE A

DESCRIPTION OF ITEMS OF EQUIPMENT

<u>Number of Items</u>	<u>Description</u>	<u>Identifying Mark and Numbers (Both Inclusive)</u>
100	Covered Hopper Cars with pneumatic outlets, numbers DAX 2051 through 2100 being equipped with aerator pads	<div>DAX 2001 _____</div> <div>through</div> <div>DAX 2100 _____</div> <div>inclusive</div>

SCHEDULE B

CERTIFICATE OF ACCEPTANCE UNDER EQUIPMENT LEASE

TO: TRUST COMPANY FOR USL, INC., as Trustee under the
Equipment Lease dated as of April 1, 1978 (the Lessor).

ACF INDUSTRIES, INC. (the Manufacturer)

I, a duly appointed and authorized representative of the Trustee and Diamond Shamrock Corporation (the Lessee) under the Equipment Lease dated as of April 1, 1978 between the Lessor and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery under the Purchase Order Assignment and the rights assigned thereunder and under the Lease of the following Items of Equipment:

TYPE OF EQUIPMENT: Covered Hopper Cars with pneumatic outlets

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

MARKED AND NUMBERED:

I do further certify that the foregoing Items of Equipment are in good order and condition, and appear to conform to the specifications, requirements and standards applicable thereto, and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and to all standards recommended by the Association of American Railroads applicable to such Equipment, that the Lessee has no knowledge of any defect in any of the foregoing Items of Equipment with respect to design, manufacture, condition or in any other respect, and that each Item has been labeled by means of a plate or a stencil printed upon each side of the Item in letters not less than one inch in height as follows:

"Leased from a Bank or Trust Company,
as Trustee, and subject to a Security
Interest recorded with the I.C.C."

The execution of this Certificate will in no way relieve or decrease the responsibility of the Manufacturer for any warranties it has made with respect to the Equipment.

Dated: _____, 1978

Inspector and Authorized
Representative of the Lessee

SCHEDULE C

SCHEDULE OF CASUALTY VALUES

<u>Rental Payment Date</u>	<u>Percentage of the Purchase Price*</u>
January 15, 1979	110.455
July 15, 1979	116.058
January 15, 1980	116.315
July 15, 1980	117.267
January 15, 1981	117.810
July 15, 1981	118.131
January 15, 1982	118.237
July 15, 1982	118.130
January 15, 1983	117.794
July 15, 1983	117.259
January 15, 1984	116.518
July 15, 1984	115.595
January 15, 1985	114.488
July 15, 1985	113.230
January 15, 1986	112.080
July 15, 1986	110.611
January 15, 1987	107.944
July 15, 1987	105.386
January 15, 1988	102.745
July 15, 1988	100.001
January 15, 1989	97.170
July 15, 1989	94.248
January 15, 1990	91.255
July 15, 1990	88.189
January 15, 1991	85.070
July 15, 1991	81.890
January 15, 1992	78.673
July 15, 1992	75.398
January 15, 1993	72.082
July 15, 1993	68.705
January 15, 1994	65.278
July 15, 1994	61.784

SCHEDULE C

SCHEDULE OF CASUALTY VALUES

<u>Rental Payment Date</u>	<u>Percentage of the Purchase Price</u>
January 15, 1995	58.235
July 15, 1995	54.611
January 15, 1996	50.984
July 15, 1996	47.352
January 15, 1997	43.752
July 15, 1997	39.158
January 15, 1998	35.612
July 15, 1998	30.944
January 15, 1999	25.000

- * The Purchase Price means the Purchase Price as defined in Section 1 of the Participation Agreement referred to in the foregoing Lease.

Interstate Commerce Commission
Washington, D.C. 20423

5/9/78

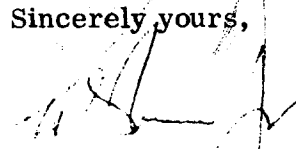
OFFICE OF THE SECRETARY

James A. Ounsworth
Pepper, Hamilton & Scheetz
123 South Broad Street
Philadelphia, Pennsylvania 19109

Dear Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on **5/9/78** at **1:10pm**,
and assigned recordation number(s) **9366, 9366-A & 9366-B**

Sincerely yours,


H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

SE-30-T
(6/77)